

## Abstract

This thesis explores the volatility connectedness between Bitcoin and economic uncertainty. We aim to model reactions of Bitcoin's volatility to shocks in economic uncertainty to uncover whether Bitcoin can provide protection from an economic unrest. The uncertainty is assessed from the media-based Economic Policy Uncertainty (EPU) Index, the market-based VIX Index and the public-based Economic Queries Related Uncertainty (EURQ) Index. Using the dynamic network connectedness measure, it is possible to track the time evolution of directional volatility spillovers in each time point of our dataset spanning from April 2015 to February 2022. Our results show several significant periods when Bitcoin receives volatility spillovers from economic uncertainty. However, in most cases, the effect is weak. One exception is the COVID-19 crisis, during which Bitcoin forms a substantial volatility connectedness with the VIX Index. We also show that before 2020, Bitcoin reacts to several shocks driven by the EPU Index. Further, amid inflation fears at the end of 2021, the volatility spillovers mainly originate from the EURQ Index.